

Message Text

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51

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-20 NSC-10 DRC-01

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R 201025Z OCT 73

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 6319

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E.O. 11652: N/A

TAGS: ETRN,PL

SUBJECT: CIVAIR: PANAM TICKET SALES

REF: (A) WARSAW 2728; (B) STATE 126389; (C) WARSAW 4804

1. AS REPORTED IN REF C, EMBASSY MADE DEMARCHE ON JULY 2 TO MFA BASED ON DEPARTMENT'S INSTRUCTIONS (REF B), AND THEN CONTINUED EFFORTS DURING THE FOLLOWING WEEKS TO OBTAIN RESPONSE ON THE PROBLEM CAUSED BY POLISH PRACTICE OF LIMITED PANAM ZLOTY TICKET SALES TO WARSAW-NEW YORK-WARSAW TRAVEL.

2. ALTHOUGH MFA OFFICIALS ASSURED US THEY WOULD BE IN POSITION TO RESPOND PRIOR TO THE THIRD SESSION OF THE JOINT US-POLISH TRADE COMMISSION (SEPT 25-27), NO RESPONSE WAS FORTHCOMING BEFORE THE THIRD SESSION CONVENED. INFORMALLY, MFA OFFICIALS INDICATE QUESTION WAS CAUSING THEM DIFFICULTY, IN PART BECAUSE THEIR DRAFTERS OF THE BILATERAL AGREEMENT HAD NOT BEEN CAREFUL ENOUGH ON THIS POINT. MFA OFFICIALS ALSO ARGUED THAT ACCEPTANCE OF US POSITION WOULD RESULT IN STRONG COMPETITIVE ADVANTAGE FOR PANAM ON WESTBOUND TRAFFIC SINCE PANAM HAS NUMEROUS CONNECTING FLIGHTS TO THE US FROM LONDON WHEREAS LOT DOES NOT.

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3. US SIDE FORMALLY RAISED THIS PROBLEM DURING THE THIRD SESSION OF THE JOINT US POLISH TRADE COMMISSION, WITH BUSINESS FACILITIES WORKING GROUP CHAIRMAN LAZARUS OF COMMERCE DRAWING ON POINTS CONTAINED IN POSITION PAPER ALONG LINES OF REF B. IN RESPONSE, POLISH SIDE (MFA DEPARTMENT DIRECTOR KINAST) STATED NEW INSTRUCTIONS WOULD BE ISSUED TO LOT COVERING THIS PROBLEM.

4. ON OCTOBER 16, PANAM'S WARSAW OFFICE DIRECTOR (BOCWINSKI) AND AREA DIRECTOR FOR AUSTRIA AND EASTERN EUROPE (WALTER LOY, WHO IS BROTHER OF PANAM VICE PRESIDENT FANK LOY) CALLED AT EMBASSY TO REPORT ON THEIR OCTOBER 15TH MEETING WITH LOT. ACCORDING TO THE PANAM REPRESENTATIVES LOT STATED IT HAD BEEN INFORMED BY THE GOP THAT ITS INTERPRETATION OF THE BILATERAL AIR AGREEMENT WAS THAT ZLOTY SALES WERE TO BE MADE ONLY FOR WARSAW-NEW YORK-WARSAW TRAVEL. NEVERTHELESS LOT WISHED TO PROPOSE THAT LOT AND PANAM MEET IN NEW YORK DURING WEEK OF NOVEMBER 12 TO COME UP WITH A NEW INTERPRETATION OR SOLUTION WHICH WOULD BE ACCEPTABLE TO BOTH CARRIERS. (IN EFFORTS DURING LATE SPRING TO DEAL DIRECTLY WITH LOT ON THIS ISSUE, BOCWINSKI WAS TOLD REPEATEDLY THAT MATTER WAS ONLY TO BE SETTLED BETWEEN THE TWO GOVERNMENTS.)

5. PANAM REPRESENTATIVES TOLD EMBASSY THEY RECEIVED DISTINCT IMPRESSION THAT LOT WAS INTERESTED IN MAKING A DEAL, IN WHICH POLISH SIDE WOULD ACCOMMODATE PANAM'S WISHES IN RETURN FOR ADDITIONAL FREQUENCIES OR POSSIBLE EVEN RIGHTS TO SERVE CHICAGO. LOT TOLD PANAM THAT THREE LOT FREQUENCIES PER WEEK DURING SUMMER SEASON UNTIL 1976 CLEARLY WOULD NOT BE ADEQUATE TO HANDLE RAPIDLY EXPANDING TRANSATLANTIC BUSINESS. IN RESPONSE TO LOT PROPOSAL FOR MEETING, LOY SAID HE TOLD LOT HE THOUGHT PANAM WOULD BE WILLING TO LISTEN BUT THAT ANY CHANGE IN THE BILATERAL AGREEMENT OF COURSE COULD ONLY BE MADE BY THE TWO GOVERNMENTS. HE TOLD LOT HE WOULD RECOMMEND TO PANAM HEADQUARTERS THAT PROPOSAL FOR MEETING BE ACCEPTED.

6. EMBASSY OFFICER SUGGESTED TO LOY THAT HIS REPORT TO PANAM HEADQUARTERS ALSO INCLUDE RECOMMENDATION THAT LIMITED OFFICIAL USE

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PANAM CONSULT WITH THE STATE DEPARTMENT BEFORE RESPONDING TO LOT. LOY AGREED AND THEREFORE DEPARTMENT SHOULD EXPECT THIS APPROACH.

7. ON OCTOBER 19 MINISTRY OF FOREIGN AFFAIRS OFFICIALS CALLED IN EMBASSY OFFICER TO ADVISE THAT GOP HAD RECENTLY INSTRUCTED LOT TO MEET WITH PANAM TO WORK OUT MUTUALLY ACCEPTABLE SOLUTION. IT WAS HOPED CARRIERS COULD

ARRIVE AT SOLUTION WITHOUT HAVING TO REFER THE MATTER TO
THE TWO GOVERNMENTS AGAIN. MFA OFFICIALS APOLOGIZED
FOR LENGTHY DELAY IN REPONDING TO EMBASSY'S DEMARCHE,
WHICH THEY SAID WAS RESULT OF VERY DIFFICULT JOB OF
COORDINATING RESPONSE AMONG MINISTRIES OF FINANCE AND
TRANSPORT, NATIONAL BANK, AND LOT. MFA OFFICIALS GAVE
NO HINT OF ANY INTEREST IN CONCESSIONS FROM US SIDE,
AS DETECTED BY APANAM REPRESENTATIVES.
DAVIES

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